

ABSTRACT

A process for insuring and risk managing the decommissioning and/or abandonment of an oil and gas production facility such as an off shore oil and gas production platform. The process includes first collecting data related to an oil and gas field and it's production facility from a potential client. Based on the collected data, a model for predicting the production net value profile of the oil and gas field and an estimated time of abandonment is determined. Also, the cost of future decommissioning and abandonment is estimated, the cost of environmental insurance for decommissioning and abandonment is estimated and the cost of transfer of liability insurance is estimated. The three costs are added to estimate a premium to be collected over the life of the oil and gas field. The estimated premium and the field profile model are now used to build a premium payment curve to be paid by the client. At the time of decommissioning and/or abandonment, the insurer pays the oil and gas producer the cost of decommissioning and/or abandonment of the property.